



***United States Attorney
District of New Jersey***

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**FORMER FIELD INVESTIGATOR WITH N.J. DEPARTMENT OF LABOR
SENTENCED TO MORE THAN THREE YEARS IN PRISON IN BRIBERY SCHEME**

CAMDEN, N.J. –A former field investigator with the New Jersey Department of Labor & Workforce Development, Division of Wage and Hour Compliance (LWD), was sentenced today to 42 months in prison in connection with a bribery scheme, admitting he accepted bribe payments from owners and operators of temporary labor firms in return for his official assistance benefitting the companies, U.S. Attorney Paul J. Fishman announced.

James Peyton, 73, of Salem, N.J., previously pleaded guilty before U.S. District Judge Noel L. Hillman to an Information charging him with acceptance of a bribe and subscribing to a false tax return. Judge Hillman also imposed the sentence today. Peyton, who had been detained since October 26, 2011, following a violation of his bail conditions, remained in federal custody.

Peyton's responsibilities as a field investigator included conducting audits of employer books and records, reviewing quarterly payroll tax filings, and taking other investigative steps to ensure employer compliance with various payroll tax laws, including the New Jersey Unemployment Compensation Law and Temporary Disability Benefit laws.

According to documents filed in this case and statements made in court:

Peyton admitted that from 2006 to 2009, he solicited and accepted corrupt cash payments from owners or operators of temporary labor firms that were in the scope of his inspection activities with the intent to be influenced in the performance of his official duties as an employee of the Department of Labor. According to the Complaint, Peyton took as much as \$8,000 in cash bribes per quarter. Peyton admitted that in exchange for corrupt payments, he prepared tax forms that intentionally understated the amount of tax owed to the state by temporary labor firms.

Peyton also admitted that he filed a 2007 U.S. Individual Income Tax Return that contained false information. He falsely claimed total taxable income of \$65,728 for the calendar year 2007, which failed to claim his income gained through the bribery scheme.

Four other defendants have also pleaded guilty in connection with this investigation: Channavel Kong, 39, of Philadelphia, Pa., pleaded guilty to bribery and failure to remit employment taxes; Thuan Nguyen, 39, of Philadelphia, Pa., pleaded guilty to bribery and failure to remit employment taxes; Joseph Rivera, 54, of Sicklerville, N.J., pleaded guilty to solicitation and acceptance of bribes and tax evasion; and Yohan Wongso, 29, of Philadelphia, Pa., pleaded guilty to bribery. All these defendants are awaiting sentence.

U.S. Attorney Paul J. Fishman stated: "Individuals and businesses subject to government inspection or regulation have the right to expect honesty from the officials who carry out those serious responsibilities. Peyton is being punished for betraying that trust and others should learn from his example."

"IRS-Criminal Investigation takes violations of public trust very seriously," said Victor W. Lessoff, Special Agent in Charge, IRS-Criminal Investigation, Newark Field Office. "Today's sentence should send a message that using your position to solicit bribes and not pay the tax on the illegal profits will not be tolerated."

In addition to the prison term, Judge Hillman sentenced Peyton to three years of supervised release and ordered him to pay the State of New Jersey \$119,600 in restitution. Peyton was additionally ordered to cooperate with the IRS in the resolution of unpaid taxes he owes.

U.S. Attorney Fishman credited special agents of the IRS Criminal Investigation, under the direction of Special Agent in Charge Victor W. Lessoff, and the FBI's South Jersey Resident Agency, under the direction of Special Agent in Charge George C. Venizelos, with the investigation.

The government is represented by Assistant U.S. Attorney Matthew Skahill of the U.S. Attorney's Office Criminal Division in Camden.

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Defense counsel: Joseph D. O'Neill, Esq. and Charles Coant, Esq., Vineland, N.J.